

Roll No. ..

Total No. of Questions – 12

Time Allowed – 3 Hours

Total No. of Printed Pages – 15

Maximum Marks – 100

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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Answer to Section A and B should be given in separate sets of answer books.

SECTION – A

Marks : 50

Question No. 1 is compulsory.

Attempt any **four** questions from the REST.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Working notes should form part of the respective answers.

All questions pertaining to Income Tax relate to **Assessment Year 2018-2019**, unless stated otherwise in the question.

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1. Mrs. Babu, working as Journalist with ABC Limited provides the following information for the year ended 31-03-2018. 10

Basic salary	₹ 25,000 p.m.
DA (50% of it is meant for retirement benefits)	50% Basic Pay
Own contribution to Recognized Provident Fund (R.P.F.)	₹ 30,000
Employer's contribution to R.P.F.	20% of basic salary
Interest credited in the R.P.F account @ 15% p.a.	₹ 15,000
Arrears of rent received from ABC Limited	₹ 69,000

Received interest ₹ 10,000 from Axis Bank Savings account during the year, and interest of ₹ 12,040 from the debentures of M/s. Coal India Ltd.

She made payment through cheque ₹ 12,500 for Mediclaim Insurance Policy for her major daughter.

She had contributed ₹ 1,196 pm towards Atal Pension Yojana and ₹ 5,000 pm towards Sukanya Samridhi account.

M/s. ABC Limited has taken residential house of Mrs. Babu as Company's guest house and later purchased from her in the year 2016 at market value for ₹ 75 lakhs. Purchase cost was only ₹ 10 lakhs in April, 2004.

During August, 2017 Mrs. Babu had lost her gold chain and a diamond ring which she had purchased in April, 2004 for ₹ 1,13,000 and market value of these two items were ₹ 2,50,000 and she has received insurance compensation of ₹ 2,75,000 during Feb., 2018.

Compute Total Income for the Asst. Year 2018-19.

(CII for 2004-05 = 113, 2016-17 = 264, and 2017-18 = 272)

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2. (a) Miss. Kavita, a resident and ordinarily resident in India, has derived **5**
the following income for the year ended 31-3-2018 :

	₹
(i) Income from sale of centrifuged latex processed from rubber plants grown in Darjeeling.	1,00,000
(ii) Income from sale of coffee grown and cured in Yercaud, Tamil Nadu	2,00,000
(iii) Income from sale of coffee grown, cured, roasted and grounded in Colombo. Sale consideration was received in Chennai.	5,00,000
(iv) Income from sale of tea grown and manufactured in Shimla.	10,00,000
(v) Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out by her on land.	2,00,000

You are required to compute the business income and agricultural income of Miss. Kavita for the Assessment Year 2018-19.

- (b) Mrs. Mahalakshmi an individual, aged 68 years, mortgaged her Residential Property, purchased for ₹ 3 lakhs on 01-10-2002, with a bank, under a notified reverse mortgage scheme and was sanctioned a loan of ₹ 20 Lakhs. As per the said scheme she was receiving the loan amount in equal monthly installments of ₹ 30 thousand per month from the bank. Mrs. Mahalakshmi was not able to repay the loan on maturity and in lieu of settlement of the loan surrenders the residential property to the bank. Bank sold the property for ₹ 25 Lakhs on 22-02-2018. She had no other income during the year.

Discuss the Tax consequences and compute tax for the Asst. Year 2018-19.

Cost inflation index

2002-03 – 105

2017-18 – 272

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3. (a) Mrs. Karuna Kapoor, is a Hollywood actress. Her passport reveals the following information about her stay in India. **5**

2017-18	From April 3 rd	to	July 11 th
2016-17	From June 22 nd	to	July 11 th
2015-16	From Feb 10 th	to	March 26 th
2014-15	From Sept. 7 th	to	March 26 th
2013-14	From May 17 th	to	September 30 th
2012-13	From April 3 rd	to	July 11 th
2011-12	From April 3 rd	to	July 11 th
2010-11	From April 3 rd	to	July 11 th
2009-10	From April 3 rd	to	July 11 th

Find out her residential status for the assessment year 2018-19.

- (b) Mr. Rohan a resident individual, owns 3 houses in Chennai. One house is self occupied by him, second house is self occupied by his major son and the third house is vacant during the year. **5**

You are required to highlight the steps involved to compute Income From House Property for Mr. Rohan under deemed to be let out concept.

4. Mr. Querashi is a business man. During the year ended 31-03-2018 he was engaged in the business of Hypermarket and Super Market. He maintains proper books of accounts for both businesses in mercantile system. Sales from Hypermarket achieved a turnover of ₹ 75 Lakhs and all receipts were in cash. However, Supermarket business is through online and entire receipts of ₹ 50 lakhs during the year were received through online in his bank account. The expenses were incurred in the ratio 65:35. **10**

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Following additional information is furnished

To Salary	10,00,000
To Repairs on building	1,81,000
To Interest	1,10,000
To Travelling	1,30,550
To Depreciation	8,12,000
Net profit	3,93,950

- (a) In addition to the above, repairs of ₹ 1,00,000 was incurred for building a new room which was debited to P & L a/c.
- (b) Depreciation as per income tax Act is ₹ 7,17,000.
- (c) ₹ 75,000 was paid in cash on 30-09-17 to Mrs. Ann, accountant for preparation of the accounts for the year ended 31-03-2017 and adjusted under the head “expenses payable” account.
- (d) He was forced to shutdown his furniture business in the year 2015 as his accountant absconded with cash of ₹ 5 Lakhs and fully allowed in that year. Unabsorbed business loss of furniture business is ₹ 3 lakhs. ₹ 4 lakhs was received as insurance compensation on 31-03-2018 for the cash theft.
- (e) Mr. Querashi wants to declare income under “Presumptive income” basis.

Compute the income chargeable under the head profits and gains of business or profession of Mr. Querashi under Presumptive Income scheme under section 44 AD and his Total Income for the year ended 31-03-2018.

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5. (a) Mr. Jaji is a chartered accountant and his income from profession for the year 2017-18 is ₹ 10,00,000. He provides you with the following information for the year 2017-18. **5**

	₹
Income of minor son Biju from company deposit	1,50,000
Income of minor daughter Chitra (professional dancer)	20,00,000
Interest from SBI received by Chitra on deposit made in 2015 out of her special talent	20,000
Gift received by Chitra on 30-09-2017 from friends of Mr. Jaji on winning National award	45,000
Short term capital loss of Mr. Jaji	6,00,000
Long term capital gain of Mr. Jaji	4,00,000
Long term capital gains from shares (STT paid) of Mr. Jaji	10,00,000
Short term capital loss under section 111A of Mr. Jaji	10,00,000
Compute the Total Income of Mr. Jaji for Asst. Year 2018-19 and the losses to be carried forward assuming that he files his income tax returns every year before due date.	

- (b) (i) XYZ Ltd. a domestic company, declared dividend of ₹ 150 lakh for the Financial Year 2016-17 and distributed the same on 31-07-2017. Mr. A holding 10% share in XYZ Ltd. received dividend of ₹ 15 lakh in July, 2017. Mr. B holding 5% share in XYZ Ltd. received dividend of ₹ 7.5 lakh in July, 2017. **3**
- Discuss the tax liabilities in the hands of Mr. A and Mr. B assuming that Mr. A and Mr. B have not received dividend from any other domestic company during the year.

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- (ii) Explain the amount of Fees to be paid for default in furnishing return of income under section 234F of the Income Tax Act, 1961. 2

6. Answer any two sub divisions :

- (a) Discuss the applicability of provisions of Tax Deduction at Source, the rate and amount of tax deduction to be made in the following cases for the financial year 2017-18. 5
- (A) Mr. Bobby, a resident whose turn over during the previous financial year is ₹ 205 Lakhs and for the current year 2017-18 it is ₹ 80 Lakhs.
- (i) Shop rent paid to Mr. Rajasekharan, a resident ₹ 20,000 per month.
 - (ii) On 1-11-2017 paid towards fee for technical services ₹ 25,000 and royalty of ₹ 20,000 to Mr. Swamy, a resident who is having PAN. No other payment made to Mr. Swamy.
 - (iii) On 01-10-2017 payment of ₹ 2,00,000 made to Mr. A for purchase of diaries according to specifications. However, no material was supplied for such diaries.
 - (iv) Contract payments made to Mr. Satheesan on 01-05-2017 for painting ₹ 25,000 and another contract for interior furnishing on 22-03-2018 for ₹ 20,000.
- (B) Mr. Thrilok an individual not assessed to tax pays towards Rent ₹ 60,000 per month.
- (b) Write any four cases where seller of certain goods is required to collect tax from buyers and also state the circumstances where TCS is not applicable. 5

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- (c) Pertaining to the following transactions, what is the minimum amount above which quoting of Permanent Account Number is mandatory ? **5**
- (i) Sale or purchase of Car.
 - (ii) Payment to a hotel or restaurant against a bill or bills at any one time.
 - (iii) Payment in connection with travel to any foreign country.
 - (iv) Payment to the Reserve Bank of India for acquiring bonds issued by it.
 - (v) A Time Deposit with a Post Office.
 - (vi) Payment as Life Insurance Premium to an insurer.
 - (vii) Sale or purchase, of shares of a company not listed in a recognized stock exchange.
 - (viii) Sale or purchase of any immovable property.

SECTION – B

Marks : 50

Question No. 7 is compulsory.

Attempt any **four** questions from the REST.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

“Working notes should form part of the respective answers.”

“Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of note.”

“All questions should be answered on the basis of the position of GST Law as amended by the significant notifications/circulars issued till 31st October, 2017.”

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7. (a) Mr. Nimit, a supplier of goods, pays GST under regular scheme. He is **6**
not eligible for any threshold exemption. He has made the following
outward taxable supplies in the month of August, 2017 :-

₹

Intra state supplies of goods 6,00,000

Inter state supplies of goods 2,00,000

He has also furnished following information in respect of purchases
made by him from registered dealers during August, 2017 :-

₹

Intra state purchase of goods 4,00,000

Inter state purchase of goods 50,000

Balance of ITC available at the beginning of the August 2017 :-

₹

CGST 15,000

SGST 35,000

IGST 20,000

Note :

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the net GST payable by Mr. Nimit for the month of August, 2017.

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- (b) Shri Krishna Pvt. Ltd., a registered dealer, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. in the course of Intra State.

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	Particulars	Amount (₹)
(i)	Price of the goods	1,00,000
(ii)	Municipal Tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidies received from Shri Ram Trust (As the products is going to be used by blind association)	50,000
(v)	Late fees for delayed payment. (Though Shri Balram Pvt. Ltd. made late payment but these charges are waived by Shri Krishna Pvt. Ltd.)	1,000
(vi)	Shri Balram Pvt. Ltd. paid to Radhe Pvt. Ltd. (on behalf of Shri Krishna Pvt. Ltd.) weightment charges.	2,000

According to GST Law, determine the value of taxable supply made by Shri Krishna Pvt. Ltd.. Items given in Point (ii) to (vi) are not considered while arriving at the price of the goods given in point no. (i).

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8. (a) M/s. Pradyumn Corporation Pvt. Ltd., a registered dealer of Mumbai **5**
furnishes you following information for the month of October, 2017.

	Particulars	Amount (₹)
(i)	Intra state sale of Taxable goods (out of above ₹ 50,000 was received as advance in September, 2017)	2,00,000
(ii)	Goods purchased from unregistered dealer (purchase on 20 th October, 2017) (10,000 in case of Inter State & Balance Intra-state)	50,000
(iii)	Received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (it is Intra-state transaction)	50,000
(iv)	Professional fees paid to Ms. Udadhi located in a non-taxable territory (it amounts to Inter state transaction)	50,000

Compute GST liability (CGST, SGST or IGST, as the case may be) of M/s. Pradyumn Corporation Pvt. Ltd. for the month of October, 2017.

Assume the rates of GST as under :

CGST 9%

SGST 9%

IGST 18%

Note : Turnover of M/s. Pradyumn Corporation Pvt. Ltd. was ₹ 2 crore in the Previous Financial Year.

- (b) List the activities to be treated as supply under CGST Act, 2017 even if made without consideration. **5**

9. (a) On 4th September, 2017, V.R. Mehman a famous music composer, received ₹ 3 crore of consideration from Zilmil Music Co. Ltd. for sale of copyright of his original music album. He finished his work & made available the CD to the music company on 20th July, 2017 & raised the invoice on 24th July, 2017. What will be the time of supply as per CGST Act, 2017 ? **3**

Note : Above Service is taxable under reverse charge basis.

- (b) State with reason, person liable to pay GST in each of following independent cases. Assume recipient is located in taxable territory. **3**

- (i) Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding F.Y.)
- (ii) Legal Fees received by Mr. Sushrut, a senior advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakhs in preceding F.Y.

- (c) Bharat Associates Pvt. Ltd. Purchased machinery worth ₹ 9,00,000 (excluding GST) on 20-07-2017 on which it paid GST @ 18%. It availed the ITC. On 05-03-2018 it sold the machinery for ₹ 7,00,000 (excluding GST) to Hindustan Associates Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for Bharat Associates Pvt. Ltd. to follow under CGST Act, 2017 ? **4**

10. (a) Under what circumstances needs of issuance of debit note and credit note arise under section 34 of CGST Act, 2017 ? 5
- (b) Answer the following with reference to GST Laws : 5
- (i) What is CIN ?
- (ii) When interest is payable ?
- (iii) How do the new payment system benefit the taxpayer & the Commercial Tax Department ?
11. (a) Determine the effective date of registration under CGST Act, 2017 in respect of the following cases with explanation : 4
- (i) The aggregate turnover of Varun Industries of Mumbai has exceeded ₹ 20 lakhs on 1st August, 2017. It submits the application for registration on 20th August, 2017. Registration certificate granted on 25th August, 2017.
- (ii) Sweta InfoTech Services are the provider of internet services in Pune. The aggregate turnover of them exceeds ₹ 20 lakhs on 25th September, 2017. It submits the application for registration on 27th October, 2017. Registration certificate is granted on 5th November, 2017.
- (b) Chidanand Products Pvt. Ltd. started its business of supply of goods on 1st August, 2017. It's turnover exceeds ₹ 20,00,000 on 5th September, 2017. It applied for registration on 28th September, 2017 & granted registration certificate on 6th October, 2017. Guide the company regarding invoices to be issued between 5th September, 2017 to 6th October, 2017 to registered dealers. Further it had also made supplies to unregistered dealers in that period. How it can raise invoices ? 4

- (c) State with reason whether following statement is true or false : 2

“When there is change in constitution of business results in change in PAN, the business entity can apply for amendment of registration in prescribed manner within 15 days.”

12. Attempt any **two** parts out of (a), (b) and (c).

- (a) M/s. Ginny and John Company is a partnership firm of interior 5

decorators and also running a readymade garment showroom. Turnover of the showroom was ₹ 80 lakh and Receipts of the interior decorators service was ₹ 22 Lakh in the preceding financial year.

With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme ?

Will your answer change, if the turnover of the showroom was ₹ 70 lakh and Receipts of the interior decorators service was ₹ 22 Lakh in the preceding financial year ?

Also discuss whether it is possible for M/s. Ginny and John Company to opt for composition scheme only for Showroom ?

- (b) Mrs. Pragati received legal advice for her personal problems & paid 5

1,000 pound as a legal fees to Miss. Unnati of U.K. (London).

Explain whether the above activity of import of service would amount to supply u/s. 7 of the CGST Act, 2017 ?

If in above case both of them are real sisters & no consideration is paid then will it change your answer ?

Further in the above case both of them are real sisters & Mrs. Pragati receives legal advice for her business & she didn't paid any consideration then what will be your answer ?

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- (c) Explain the provision relating to filing of Annual Return under section 44 of CGST Act, 2017 and Rules there under.
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